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Malaysia

Dairy and Products

Annual

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Report Highlights:

Malaysia relies heavily on dairy imports for its dairy products industry. Good opportunities exists for US to supply full cream milk powder, skin powder and whey powder.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Table of Contents

Executive Summary	Page 1 of 15
Production	Page 1 of 15
Trade	Page 1 of 15
Consumption And Distribution Patterns	Page 2 of 15
Competition	Page 2 of 15
Policy	Page 3 of 15
Milk, Fluid : PSD	Page 4 of 15
Milk, Fluid : Import Trade Matrix	Page 5 of 15
Cheese : PSD	Page 6 of 15
Cheese : Import Trade Matrix	Page 7 of 15
Butter : PSD	Page 8 of 15
Butter : Import Trade Matrix	Page 9 of 15
Dry Whole Milk Powder : PSD	Page 10 of 15
Dry Whole Milk Powder : Import Trade Matrix	Page 11 of 15
Milk, Non-Fat Dry : PSD	Page 12 of 15
Milk, Non-Fat Dry : Import Trade Matrix	Page 13 of 15
Dried Whey : PSD	Page 14 of 15
Dried Whey : Import Trade Matrix	Page 15 of 15

Executive Summary

Malaysia relies heavily on imports for its dairy needs. The local dairy industry does not produce sufficient quantities of fresh fluid milk to satisfy Malaysia's fresh milk needs. Fresh fluid milk is substituted with reconstituted fluid milk and other milk products. Ingredients such as skimmed milk powder, whole milk powder and whey needed to produce condensed milk and other milk products are imported mainly from Australia and New Zealand.

Production

In recent years, despite the various attempts by the GOM, as well as the private sector, to expand the dairy industry, it has remained small. Major factors limiting its development include low lactation and reproduction performance, the hostile tropical weather condition, high cost for quality feed and lack of trained personnel for farm management. Investment in the dairy industry is still considered to be a risky business and the prospect for future growth is not bright at all. Milk production is expected to show insignificant growth in the near future.

Trade

Malaysia remains heavily dependent on dairy imports, such as powdered milk for its dairy product industry and finished products such as cheese and butter. The bulk of imports come from New Zealand and Australia. Liquid milk was previously prohibited for import but with the conclusion of the Uruguay Round of the GATT, Malaysia agreed to allow a very limited volume (600,000 liters with an initial in-quota tariff rate of 50%) of imports.

Local dairy manufacturing industry

The major dairy items produced in Malaysia are powdered milk (full cream, skimmed and infant formula), sweetened condensed milk, evaporated milk, liquid milk and milk drinks (fresh, ultrahigh temperature, pasteurized and homogenized), yogurt and ice cream. The milk products are locally produced by reconstituting and blending of imported milk powder (skim and whole), whey and other ingredients. Most infant formula is imported and packed locally except for a local brand, Nestle's Lactogen, which is manufactured in Malaysia.

The market for milk products in Malaysia is relatively saturated. Competition in the Malaysian market is intense, with several major producers vying for market share. Companies such as Dutch Baby Milk Industries, Premier Milk/F&N Dairies, Nestle Products, New Zealand Milk and the Dumex (Malaysia) are constantly churning out new and improved products targeting different segments of the society. Ranging from flavored milk drinks for the young ones, low fat milk for the health-conscious, low-lactose for the lactose intolerant, right to fortified milk with calcium for the elderly, these companies launched aggressive promotional programs to maintain brand loyalty. Some of these companies have moved on from media and print advertisements to public relations programs such as health forum and bone scanning activities for consumers.

Consumer dairy imports

New Zealand and Australia dominate the cheese and butter markets. Malaysians' increased interest in baking and increased Western influence contributes to the expanding demand for butter. SCS, Fernleaf and Anchor are the major butter brands on supermarket shelves. The cheese market in Malaysia is not sophisticated in taste and most consumption is limited to processed sliced and cheddar cheeses. Kraft of Australia and Chesdale from New Zealand are the major brands in the retail level. Most cheeses used in the hotel industry are confined to European sources. There is a limited quantity of mozzarella cheese and monterey jack cheese brought in from US specifically for the US fast food chains such as Planet Hollywood, Hardrock Café and California Pizza.

Consumption And Distribution Patterns

It is estimated that 60 percent of Malaysia's milk products are sold through supermarkets, while the remaining 40 percent moves through sundry shops. Of major importance to consumers in purchasing milk products are brand names, quality, price, and availability. Since milk products are price-controlled items, the Malaysian government watches closely the prices of milk products. Thus price differences are relatively small and appear to be less of a factor in purchasing decisions than brand names. However, rural consumers tend to be more price-sensitive than urban households.

Competition

In 2000, Malaysia imported about 52,244 metric tons of nonfat dry milk. In this category, New Zealand led with 15,355 tons, followed by Australia with 14,595 tons. Imports of whole milk powder amounted to 16,318 tons, of which about 7,134 tons supplied were by New Zealand, followed by Australia with 3,677 tons. Australia controlled about 60% of the market share for butter while New Zealand and Australia share the cheese market equally. Australia is also the major supplier of dried whey with 7,000 metric tons last year.

The market for dairy products for consumers is relatively small and is very brand-loyal. There are few prospects for imports and sales of U.S. branded milk products directly to consumers. It is also very costly to build the name of a new brand, particularly with the established competition. U.S. products are likely to be significantly more expensive due to freight costs.

The industry is willing to import dairy ingredients from any source as long as the price is competitive and the quality is good. Opportunities exist for U.S. producers to supply skim milk powder, full cream milk powder and dried whey powder to the dairy products industry in Malaysia. From July through December 2001, imports from US of nonfat dry milk and dried whey increased more than 100% in terms of quantity. However, the volume is still insignificant compared to imports from New Zealand and Australia in the same period.

Policy

No duty is imposed on imports of nonfat dry milk, whole milk powder and dried whey. Butter attracts 2% duty and sales tax of 5%. Duties incurred for cheese (grated cheese, processed cheese and blue-veined) are between 5-10% with sales tax of 5%. All dairy imports, such as milk powder, cheese and butter are required to be certified *halal*, by the Malaysian religious authority, for consumption and usage as ingredients for further processing. An import license, issued by the Department of Veterinary Services and Ministry of International Trade and Industry is also necessary for consignments of dairy products entering into Malaysia.

Milk, Fluid : PSD

PSD Table						
Country	Malaysia					
Commodity	Dairy, Milk, Fluid				(1000 HEAD)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2000		01/2000
Cows In Milk	44	39	0	39	0	41
Cows Milk Production	42	37	0	37	0	39
Other Milk Production	0	0	0	0	0	0
TOTAL Production	42	37	0	37	0	39
Intra EC Imports	0	0	0	0	0	0
Other Imports	12	19	0	20	0	0
TOTAL Imports	12	19	0	20	0	0
TOTAL SUPPLY	54	56	0	57	0	39
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Fluid Use Dom. Consum.	54	56	0	57	0	39
Factory Use Consum.	0	0	0	0	0	0
Feed Use Dom. Consum.	0	0	0	0	0	0
TOTAL Dom. Consumption	54	56	0	57	0	39
TOTAL DISTRIBUTION	54	56	0	57	0	39
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Milk, Fluid : Import Trade Matrix

Import Trade Matrix			
Country	Malaysia		
Commodity	Dairy, Milk, Fluid		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1999		2000
U.S.	2	U.S.	
Others		Others	
Singapore	6783	Indonesia	9610
Indonesia	3313	Singapore	3888
Thailand	2439	Netherlands	2747
France	23	Thailand	2147
Australia	18	Spain	332
		Australia	112
Total for Others	12576		18836
Others not Listed			
Grand Total	12578		18836

Cheese : PSD

PSD Table						
Country	Malaysia					
Commodity	Dairy, Cheese				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2000		01/2000
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	5	0	6	0	7
TOTAL Imports	0	5	0	6	0	7
TOTAL SUPPLY	0	5	0	6	0	7
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	0	5	0	6	0	7
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	0	5	0	6	0	7
TOTAL Use	0	5	0	6	0	7
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	5	0	6	0	7
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Cheese : Import Trade Matrix

Import Trade Matrix			
Country	Malaysia		
Commodity	Dairy, Cheese		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1999		2000
U.S.	167	U.S.	129
Others		Others	
New Zealand	1913	New Zealand	2049
Australia	1581	Australia	2045
France	141	Denmark	129
Denmark	98	France	107
Netherlands	28	Saudi Arabia	59
		Netherlands	56
Total for Others	3761		4445
Others not Listed	78		92
Grand Total	4006		4666

Butter : PSD

PSD Table						
Country	Malaysia					
Commodity	Dairy, Butter				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2000		01/2000
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	4	0	4	0	5
TOTAL Imports	0	4	0	4	0	5
TOTAL SUPPLY	0	4	0	4	0	5
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Domestic Consumption	0	4	0	4	0	5
TOTAL Use	0	4	0	4	0	5
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	4	0	4	0	5
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Butter : Import Trade Matrix

Import Trade Matrix			
Country	Malaysia		
Commodity	Dairy, Butter		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1999		2000
U.S.	1	U.S.	2
Others		Others	
Australia	2328	Australia	2186
New Zealand	1200	New Zealand	1423
France	180	France	197
Singapore	45	Belgium	46
Ireland	34	Ireland	38
Denmark	26		
Total for Others	3813		3890
Others not Listed	53		50
Grand Total	3867		3942

Dry Whole Milk Powder : PSD

PSD Table						
Country	Malaysia					
Commodity	Dairy, Dry Whole Milk Powder				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	15	17	16	18	0	20
TOTAL Imports	15	17	16	18	0	20
TOTAL SUPPLY	15	17	16	18	0	20
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	15	17	16	18	0	20
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	15	17	16	18	0	20
TOTAL Use	15	17	16	18	0	20
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	15	17	16	18	0	20
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Dry Whole Milk Powder : Import Trade Matrix

Import Trade Matrix			
Country	Malaysia		
Commodity	Dairy, Dry Whole Milk Powder		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1999		2000
U.S.	42	U.S.	173
Others		Others	
New Zealand	6341	New Zealand	7134
Australia	3090	Australia	3677
Denmark	2100	Netherlands	2368
Netherlands	1468	Denmark	1191
Ireland	912	Japan	613
Switzerland	266	Ireland	611
		Switzerland	269
		Spain	267
		France	135
		Germany	53
Total for Others	14177		16318
Others not Listed	570		181
Grand Total	14789		16672

Milk, Non-Fat Dry : PSD

PSD Table						
Country	Malaysia					
Commodity	Dairy, Milk, Nonfat Dry				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	150	52	165	80	0	130
TOTAL Imports	150	52	165	80	0	130
TOTAL SUPPLY	150	52	165	80	0	130
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	150	52	165	80	0	130
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	150	52	165	80	0	130
TOTAL Use	150	52	165	80	0	130
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	150	52	165	80	0	130
Calendar Yr. Imp. from U.S.	3	2	0	3	0	3
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Milk, Non-Fat Dry : Import Trade Matrix

Import Trade Matrix			
Country	Malaysia		
Commodity	Dairy, Milk, Nonfat Dry		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1999		2000
U.S.	2781	U.S.	1918
Others		Others	
New Zealand	11677	New Zealand	15355
Australia	11240	Australia	14595
Germany	2996	Germany	6559
Switzerland	2341	Netherlands	4909
Netherlands	2141	Belgium	2060
Indonesia	1943	Ireland	2033
Spain	1579	France	1202
		Finland	982
		Denmark	784
		Switzerland	680
Total for Others	33917		49159
Others not Listed	2542		1167
Grand Total	39240		52244

Dried Whey : PSD

PSD Table						
Country	Malaysia					
Commodity	Dairy, Dried Whey				(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2000		01/2000
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	18	0	19	0	21
TOTAL Imports	0	18	0	19	0	21
TOTAL SUPPLY	0	18	0	19	0	21
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	0	18	0	19	0	21
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	0	18	0	19	0	21
TOTAL Use	0	18	0	19	0	21
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	18	0	19	0	21
Calendar Yr. Imp. from U.S.	0	1	0	2	0	3
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Dried Whey : Import Trade Matrix

Import Trade Matrix			
Country	Malaysia		
Commodity	Dairy, Dried Whey		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1999		2000
U.S.	379	U.S.	1288
Others		Others	
Australia	7207	Australia	7269
France	5460	France	6282
New Zealand	383	Germany	846
Netherlands	305	Netherlands	663
Canada	65	Belgium	294
		Italy	192
		New Zealand	157
		Poland	154
		Finland	109
		Denmark	69
Total for Others	13420		16035
Others not Listed	102		115
Grand Total	13901		17438